

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:) Chapter 11
)
GULF PACKAGING, INC.,) Case No. 15-15249
)
Debtor.) Hon. Pamela S. Hollis
)
) Hearing Date: October 6, 2015 at 10:00 a.m.
)

NOTICE OF MOTION

PLEASE TAKE NOTICE that on October 6, 2015 at 10:00 a.m., the undersigned shall appear before the Honorable Pamela S. Hollis in Courtroom 644, or whomever may be sitting in her place and stead, at the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, 219 S. Dearborn Street, Chicago, Illinois and will then and there present the *First Interim Fee Application of Freeborn & Peters LLP as Counsel to the Official Committee of Unsecured Creditors, Approval of Reimbursement of Committee Member Expense and Request for Approval of Limited Notice* a copy of which is attached hereto and herewith served upon you.

Dated: September 14, 2015

**OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF GULF PACKAGING, INC.**

By: /s/ Shelly A. DeRousse
One of Its Attorneys

Richard S. Lauter
Shelly A. DeRousse
Devon J. Eggert
Elizabeth L. Janczak
FREEBORN & PETERS LLP
311 South Wacker Drive, Suite 3000
Chicago, Illinois 60606-6677
Telephone: 312.360.6000
Facsimile: 312.360.6520

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:) Chapter 11
)
GULF PACKAGING, INC.,) Case No. 15-15249
)
Debtor.) Hon. Pamela S. Hollis
)
) Hearing Date: October 6, 2015 at 10:00 a.m.
)

CERTIFICATE OF SERVICE

I, Shelly A DeRousse, an attorney, hereby certify that on September 14, 2015, I caused a true and correct copy of the foregoing *Notice of Motion and First Interim Fee Application of Freeborn & Peters LLP as Counsel to the Official Committee of Unsecured Creditors, Approval of Reimbursement of Committee Member Expense and Request for Approval of Limited Notice*, to be filed with the Court and served upon the following parties by the manners listed.

/s/ Shelly A. DeRousse

CM/ECF Service List

Zarine L. Alam zarine.alam@goldbergkohn.com
Michael W. Bishop mbishop@grayreed.com
Jason S. Brookner jbrookner@grayreed.com
Erich S. Buck ebuck@ag-ltd.com
Elizabeth Bando Calvo ebcavlo@pbfc.com
William J. Choslovsky wchoslovsky@foxrothschild.com
Jeffrey C. Dan jdan@craneheyman.com
David J. Fischer dfischer@lockelord.com
Joseph D. Frank jfrank@fgllp.com
Chad H. Gettleman cgettleman@ag-ltd.com
Stevem A. Ginther ndilecf@dor.mo.gov
John W. Guzzardo jguzzardo@shawfishman.com
Dimitri G. Karcazes dimitri.karcazes@goldbergkohn.com
Jeremy C. Kleinman jkleinman@fgllp.com
Tyler Steven Mertes tyler.mertes@troutmansanders.com
Mark L. Radtke mradtke@shawfishman.com
Brian Raynor braynor@lockelord.com
Peter J. Roberts proberts@shawfishman.com
Gregg R. Smith gregg@greggsmithlaw.com

U.S. Mail Service List

Arlington Independent School District
c/o Elizabeth Banda Calvo
500 E. Border Street, Suite 640
Arlington, TX 76010

Berlin Packaging
10323 Croos Creek Blvd
Suite F
Tampa, FL 33647

Cameron County
c/o Diane W. Sanders
Linebarger, Goggan, Blair & Sampson, LLP
P.O. Box 17428
Austin, TX 78760

Fresh-Pak Corp.
16240 Port Northwest Blvd.
Suite #300
Attn: Teresa Bazbaz
Houston, TX 77041

Harris County et al
c/o John P. Dillman
Linebarger Goggan Blair & Sampson LLP
P.O. Box 3064
Houston, Tx. 77253-3064

Internal Revenue Service
230 S. Dearborn
Room 2600, M/S 5014CHI
Chicago, IL 60604

International Paper Inc.
Attn: Daniel Ruff
1740 International Place
Memphis, TN 38197

Missouri Department of Revenue
PO Box 475
Jefferson City, MO 65015

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:) Chapter 11
)
GULF PACKAGING, INC.,¹) Case No. 15-15249
)
Debtor.) Hon. Pamela S. Hollis
)
)
)
) Hearing Date: October 6, 2015 at 10:00 a.m.

**FIRST INTERIM FEE APPLICATION OF FREEBORN & PETERS LLP
AS COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS, APPROVAL OF REIMBURSEMENT OF COMMITTEE MEMBER
EXPENSE AND REQUEST FOR APPROVAL OF LIMITED NOTICE**

Freeborn & Peters LLP (“F&P”), counsel to the Official Committee of Unsecured Creditors (the “Committee”) appointed in the above-captioned chapter 11 case of Gulf Packaging, Inc. (the “Debtor”), hereby submits the *First Interim Fee Application of Freeborn & Peters LLP as Counsel to the Official Committee of Unsecured Creditors* (the “*First Interim Fee Application*”), which seeks: (i) interim approval and payment of compensation in the amount of \$191,289.00 for services rendered and \$680.80 for reimbursement of expenses incurred for the period of May 11, 2015 through July 31, 2015; (ii) approval of reimbursement of \$41.00 in expenses incurred by a Committee member; and (iii) approval of limited notice of this First Interim Fee Application. In support hereof, F&P states as follows:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this matter pursuant to sections 1334 and 157(a) of title 28 of the United States Code and Internal Operating Procedure 15(a) of the United States District Court for the Northern District of Illinois. This is a core proceeding pursuant to section

¹ The last four digits of the Debtor’s tax identification number are 5030.

157(b)(2) of title 28 of the United States Code. Venue is proper in this district pursuant to sections 1408 and 1409 of title 28 of the United States Code.

2. The statutory predicates for the relief requested herein are sections 330, 331, 503(b), and 507(a)(1) of title 11 of the United States Code (the “*Bankruptcy Code*”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”), and Rule 5082-1 of the Local Rules of the United States Bankruptcy Court for the Northern District of Illinois (the “*Local Rules*”).

BACKGROUND

3. On April 29, 2015 (the “*Petition Date*”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois.

4. The Debtor is operating its business and managing its property as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. On May 11, 2015, the Office of the United States Trustee (the “*U.S. Trustee*”) appointed the Committee as an official committee to represent the interests of unsecured creditors of the Debtor pursuant to section 1102 of the Bankruptcy Code.

6. Also on May 11, 2015, the Committee selected F&P as its counsel. On June 3, 2015, the Court entered an order approving F&P’s employment effective *nunc pro tunc* as of May 11, 2015.

7. On May 29, 2015, the Court entered an order approving interim compensation procedures (the “*Interim Compensation Procedures Order*”) which provides, *inter alia*, that estate professionals may submit a monthly fee statement on or before the 20th day of each month to certain notice parties. If no objection is made to the monthly fee statement, the Debtor shall pay the professional 80% of the fees and 100% of the expenses requested.

8. F&P served monthly fee statements for May, June and July 2015 totaling \$191,193.70 in fees and \$680.80 in expenses.²

9. On July 30, 2015, the Court entered an order approving the sale of substantially all of the Debtor's assets to Gulf Atlantic Packaging Corporation (the "*Buyer*") for \$546,678.57 plus certain other consideration worth \$386,577.76.

10. On September 11, 2015, the Committee received payment of \$153,635.76 on account of its monthly fee statements for May, June and July 2015.

RELIEF REQUESTED

11. F&P rendered services on behalf of the Committee from May 11, 2015 through July 31, 2015 (the "*Fee Application Period*"), for which F&P seeks interim approval of compensation in the amount of \$191,289.00 and reimbursement of expenses in the amount of \$680.80 for a total of \$191,969.80.

12. To date, F&P has not received any compensation on account of services performed and expenses incurred with respect to its representation of the Committee during the Fee Application Period.

13. By this First Interim Fee Application, F&P seeks an order: (1) allowing F&P \$191,289.00 in compensation and \$680.80 in reimbursable expenses for the Fee Application Period as chapter 11 administrative expenses of the Debtor's estate pursuant to sections 503(b) and 507(a)(1) of the Bankruptcy Code, and (2) authorizing payment to F&P of \$38,334.04, representing all unpaid amounts owing to F&P.

² F&P's May 2015 fee statement contained an error with respect to Elizabeth Janczak's billing rate. The exhibits to this First Interim Fee Application include the proper rate, resulting in a net increase of \$66.50. Additionally, F&P's June 2015 fee statement contained an error with respect to Shelly DeRousse's total time billed, stating 1.94 hours for June 19, 2015, rather than 2.0 hours which was the proper amount. Exhibit D to this First Interim Fee Application includes the proper number of hours resulting in a net increase of \$28.80. The relief requested herein accounts for these minor adjustments.

DISCUSSION

14. Section 330(a) of the Bankruptcy Code provides, in pertinent part, that:

[T]he court may award . . . reasonable compensation for actual, necessary services rendered by the . . . attorney and by any paraprofessional person . . . and . . . reimbursement for actual, necessary expenses. . . . In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including – (A) the time spent on such services; (B) the rates charged for such services; (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under [the Bankruptcy Code]; (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and (E) whether the compensation is reasonable, based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

15. The Seventh Circuit Court of Appeals has stated that:

The computation of hourly fees depends on the number of hours “reasonably” expended, the hourly rate of each [professional], the calculation of the time value of money (to account for delay in payment), potential increases and decreases to account for risk and the results obtained, and a complex of other considerations under the heading of “billing judgment.”

Kirchoff v. Flynn, 786 F.2d 320, 325 (7th Cir. 1986). Additionally, other courts of appeal have recognized that:

[I]t is important for the court to maintain a sense of overall proportion and not become enmeshed in meticulous analysis of every detailed facet of the professional representation. It is easy to speculate in retrospect that the work could have been done in less time or with fewer attorneys or with an associate rather than a partner. On the other hand, it is also possible that [the client] would not have enjoyed the success it did had its counsel managed matters differently.

Boston and Main Corp. v. Moore, 776 F.2d 2, 10 (1st Cir. 1985) (citations omitted).

16. In reviewing the First Interim Fee Application, the Court should be guided by the Seventh Circuit’s instruction to ascertain whether such services were rendered and billed in accordance with the established market for legal services in similar matters:

[I]t is not the function of judges in fee litigation to determine the equivalent of the medieval just price. It is to determine what the lawyer would receive if he was selling his services in the market rather than being paid by court order.

In re Continental Illinois Securities Litigation, 962 F.2d 566, 568 (7th Cir. 1992); see *Mann v. McCombs (In re McCombs)*, 751 F.2d 286, 288 (8th Cir. 1984) (section 330 “is meant to encourage high standards of professional legal practice in the bankruptcy courts. . . . Bankruptcy courts must consider whether the fee awards are commensurate with fees for professional services in non-bankruptcy cases, thus providing sufficient economic incentive to practice in bankruptcy courts.”)

17. In *Continental Securities*, the Seventh Circuit found error in the lower court’s practice of: (a) placing ceilings on the hourly rates of all lawyers; (b) refusing to allow paralegal services to be compensated at market rate; (c) refusing to award a risk multiplier; (d) making large across-the-board cuts in research time; (e) making large across-the-board cuts in conference time; and (f) refusing to allow attorneys to bill computerized legal research services (*e.g.*, LEXIS). *Continental Illinois Securities Litigation*, 962 F.2d at 568-70.

18. In evaluating the First Interim Fee Application, the Court should consider the novelty and difficulty of the issues presented, the skill required to perform the legal services properly, the preclusion of other employment caused by F&P’s retention in this case, the customary fees charged in similar cases, the existence of time limits under which the services were rendered, the results obtained, the experience and ability of the attorneys involved, and the amount of awards of compensation in similar cases. See *In re Alberto*, 121 B.R. 531, 534 (Bankr. N.D. Ill. 1990).

19. F&P’s hourly rates of compensation for those attorneys and para-professionals during the Fee Application Period range from \$215 to \$845 (however, no professional with an hourly rate in excess of \$665 has performed services herein). Those rates are comparable to

rates charged by other practitioners having the same amount of experience, expertise, and standing for similar services in this jurisdiction. F&P consistently and consciously made every reasonable effort to represent the Committee in the most economical, efficient, and practical manner possible.

20. A summary of the compensation requested herein regarding each of F&P's professionals and para-professionals is set forth below:

<u>Timekeeper</u>	<u>Title</u>	<u>Year of Illinois Bar Admission</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Total Compensation Requested</u>
Bartlett, Alan	Paralegal	N/A	\$295	0.8	\$236.00
DeRousse, Shelly A.	Partner	2001	\$480	220.2	\$105,696.00
Eggert, Devon J.	Partner	2006	\$410	28.5	\$11,685.00
Hazdra, Jacqueline E.	Paralegal	N/A	\$225	2.6	\$585.00
Holland, Tracey L.	Paralegal	N/A	\$260	2.7	\$702.00
Isenberg, Shira R.	Senior Counsel	2003	\$435	20.7	\$9,004.50
Janczak, Elizabeth S.	Associate	2010	\$325	22.5	\$7,312.50
Lauter, Richard S.	Partner	1982	\$655	85.6	\$56,068.00
TOTALS:				383.5	\$191,289.00

21. No agreement or understanding exists between F&P and any other person for the sharing of compensation received or to be received in connection with this case, other than as disclosed or authorized pursuant to the Bankruptcy Code, Bankruptcy Rules, and the Local Rules.

22. F&P reserves the right to correct, amend, or supplement this First Interim Fee Application, including, without limitation, to seek payment in the event this First Interim Fee Application is not approved in full.

SERVICES PERFORMED

23. This First Interim Fee Application sets forth in detail the work performed by F&P and the time spent during the Fee Application Period.

A. General \$77,944.00

24. F&P spent 159.7 hours at a cost of \$77,944.00 on general matters. This category primarily includes time spent reviewing incoming pleadings, correspondence, and notices, preparing for and attending Court hearings on general case matters, corresponding with parties in interest concerning general case matters, and performing necessary administrative tasks typically associated with a committee representation (including performing court filings, maintaining and updating dockets, calendars, and correspondence files, and retrieving necessary documents). Time in this category also includes services that cannot be classified in one discrete category, or time relating to general case administration matters. F&P's detailed time records for this category are attached hereto and incorporated herein as *Exhibit A*.

B. Secured Creditor Issues \$29,369.50

25. F&P spent 63.4 hours at a cost of \$29,369.50 on secured creditor issues. This category primarily includes time spent analyzing and responding to the Debtor's motion for cash collateral, and conducting a collateral analysis with respect to the liens and claims of the Debtor's pre-petition loan agreements with FCC, LLC. F&P's detailed time records for this category are attached hereto and incorporated herein as *Exhibit B*.

C. F&P Retention and Fee Applications \$6,068.50

26. F&P spent 12.1 hours at a cost of \$6,068.50 on F&P retention and fee application matters. This category includes time spent preparing F&P's retention application and reviewing exhibits to this First Interim Fee Application to ensure compliance with time detail requirements.

F&P's detailed time records for this category are attached hereto and incorporated herein as *Exhibit C*.

D. Other Professional Retention \$8,000.00

27. F&P spent 15.8 hours at a cost of \$8,000.00 on other professional retention matters. This category includes services provided in connection with the Committee's retention of its financial advisor, Crowe Horwath, LLP, and reviewing the fee statements of the Debtor's professionals. F&P's detailed time records for this category are attached hereto and incorporated herein as *Exhibit D*.

E. Committee Meetings and Governance \$20,006.00

28. F&P spent 38.6 hours at a cost of \$20,006.00 on Committee meetings and governance issues. This category primarily consists of time spent preparing and conducting meetings of the Committee and addressing inquiries from individual Committee members. F&P's detailed time records for this category are attached hereto as *Exhibit E*.

F. Asset Sales \$49,704.50

29. F&P spent 93.7 hours at a cost of \$49,704.50 on asset sale issues. This category primarily includes time spent by F&P professionals with respect to the sales of the Debtor's assets. Specifically, time spent in this category includes negotiating with the Debtor regarding the proposed sale of its assets, reviewing and revising an Asset Purchase Agreement in connection with a possible sale of assets of the Debtor, reviewing proposed offers to purchase the Debtor's assets, analyzing the bids for the Debtor's assets, preparing for and attending the sale and auction of the Debtor's assets, and reviewing and revising the proposed order approving the sale of the Debtor's assets. F&P's detailed time records for this category are attached hereto as *Exhibit F*.

G. Schedules and Reports \$196.50

30. F&P spent 0.3 hours at a cost of \$196.50 on the review of reports. This category primarily includes time spent reviewing certain sale reports issued by the Debtor. F&P's detailed time records for this category are attached hereto as *Exhibit G*.

REASONABLE EXPENSES INCURRED

31. Detailed itemizations of all expenses incurred are incorporated in the detailed itemization of expenses attached hereto and incorporated herein as *Exhibit H*. Expenses during the Fee Application Period were incurred in the following categories:

(a) Teleconferencing Expenses: F&P incurred expenses in the amount of \$385.80 for teleconferencing fees. Where multiple outside parties participate in a telephone conference, F&P uses an outside teleconferencing provider in order to efficiently conduct teleconferences. These teleconferencing services were necessary in order to confer with various parties-in-interest with respect to the plan and sale process.

(b) UCC Lien Search: F&P incurred expenses totaling \$295.00 in to conduct a search of UCC-1 and tax lien filings against the Debtor and its assets in connection with the Committee's collateral analysis.

32. In addition to F&P's expenses, Committee member Signode Industrial Group incurred \$41.00 in parking fees while attending the auction of the Debtor's assets. A copy of the parking receipt is attached hereto as *Exhibit I*.

33. All expenses incurred were ordinary and necessary expenses. All expenses billed to the Committee were billed in the same manner as F&P bills non-bankruptcy clients.

34. F&P does not bill its clients or seek compensation in this First Interim Fee Application for certain overhead expenses, such as local and long-distance telephone calls, secretarial services, and facsimile transmissions. Such expenses are factored into F&P's hourly

rates. F&P has not included certain other charges described herein in its overhead because it has determined that it is fairer to its smaller clients who use proportionately less of these services to have these expenses billed separately.

BENEFIT TO THE ESTATE

35. F&P has remained active on all matters in its representation of the Committee during this case. F&P submits that the services set forth herein benefitted the estate and its creditors by ensuring that the Debtor's assets were properly preserved, administered, and that they gained the highest value under the circumstances in order to maximize the potential recovery for general unsecured creditors.

NOTICE

36. There are several hundred creditors on the Debtor's master mailing matrix. Pursuant to Bankruptcy Rule 2002(a)(6), twenty-one days' notice of this First Interim Fee Application has been provided to: (i) the Debtor; (ii) the Office of the United States Trustee for Region XI; and (iii) all entities that have filed a request for service of filings pursuant to Bankruptcy Rule 2002 in this case.

37. In light of the interim nature of the relief requested and the number of creditors in this bankruptcy case, F&P submits that no other or further notice is necessary and requests that the Court approve the limited notice requested herein.

WHEREFORE, F&P respectfully requests that the Court enter an order:

(a) allowing F&P, on an interim basis, \$191,289.00 in compensation for the Fee Application Period as chapter 11 administrative expenses of the Debtor's estate pursuant to sections 503(b) and 507(a)(1) of the Bankruptcy Code;

(b) allowing F&P, on an interim basis, \$680.80 in reimbursable expenses for the Fee Application Period as chapter 11 administrative expenses of the Debtor's estate pursuant to sections 503(b) and 507(a)(1) of the Bankruptcy Code;

(c) authorizing payment to F&P of \$38,334.04, representing all unpaid amounts owing to F&P on account of the First Interim Fee Application;

(d) allowing Committee member Signode Industrial Group, on an interim basis, \$41.00 in reimbursable expenses as a chapter 11 administrative expense of the Debtor's estate pursuant to sections 503(b) and 507(a)(1) of the Bankruptcy Code;

(e) approving limited notice of this First Interim Fee Application as requested herein;
and

(f) granting such other and further relief as the Court deems just and proper.

Dated: September 14, 2015

**OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF GULF PACKAGING, INC.**

By: /s/ Shelly A. DeRousse
One of Its Attorneys

Richard S. Lauter
Shelly A. DeRousse
Devon J. Eggert
Elizabeth L. Janczak
FREEBORN & PETERS LLP
311 South Wacker Drive, Suite 3000
Chicago, Illinois 60606-6677
Telephone: 312.360.6000
Facsimile: 312.360.6520